

SB 419 A STAFF MEASURE SUMMARY

Senate Committee On Health Care

Action Date: 04/18/17

Action: Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-0-0-0

Yeas: 5 - Beyer, Knopp, Kruse, Monnes Anderson, Steiner Hayward

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Establishes a Task Force on Health Care Cost Review. Requires task force to study feasibility of establishing a hospital rate-setting process in Oregon and submit recommendations to the Legislative Assembly no later than September 15, 2018. Sunsets the task force on December 31, 2018. Takes effect, 91st day after sine die.

ISSUES DISCUSSED:

- Maryland's hospital rate review commission
- Costs of hospital procedures in Oregon
- Publicly funded programs and provider reimbursement rates in Oregon; Medicaid, Public Employees' Benefit Board and Oregon Educators Benefits Board

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Health care spending growth outpaces the growth of the overall economy and workers' wages. Between 2015-2025 health care spending is projected to grow at an average rate of 5.8 percent per year. Hospital expenditures constitute the largest single component of health care spending and accounts for a steady proportion of national expenditures on health care, approximately 30 percent. The Centers for Medicare and Medicaid Services (CMS) reports that as national hospital expenditures increase, prices between hospitals for the same services vary significantly by geographic region, and even within the same city.

In an effort to contain rising health expenditures, state and federal agencies have created programs designed to regulate provider payments and increase health care price transparency or disclosure of health costs as policy tools. Such tools include establishing large databases that collect health care data from insurers and hospitals, requiring public reporting of hospital prices and provider payments, or establishing state-based hospital rate-setting systems. For example, Maryland created an all-payer hospital rate-setting program, established in 1971 with a federal waiver, the only state to do so in the country. Maryland's Health Services Cost Review Commission serves as an independent state agency to authorize and establish hospital rates. Several other states have historically used hospital rate setting, but were limited to Medicaid or commercial insurers (i.e., non-Medicare payers).

In Oregon, House Bill 2009 (2009), created an all-payer all-claims database (APAC) that collects information on health care costs and spending in Oregon including hospitals costs. In 2015, Senate Bill 900 passed requiring the Oregon Health Authority to post hospital price information using APAC for the 50 most common inpatient procedures and 100 most common outpatient procedures on a website. The intent of SB 900 is to provide a source of transparency for hospital prices. Senate Bill 419-A creates a task force to study the feasibility of establishing a hospital rate-setting process in Oregon modeled after Maryland's Commission.